

**City of San Diego  
Reassessment District No. 2003-1  
Limited Obligation Refunding Bonds**

**Continuing Disclosure Certificate- City**

This Continuing Disclosure Certificate – City (this “Disclosure Certificate”) is executed and delivered by the City of San Diego (the “City”), for and on behalf of the City's Reassessment District No. 2003-1 (the “District”), as Dissemination Agent hereunder (the “Dissemination Agent”), in connection with the issuance of Limited Obligation Refunding Bonds (the “Bonds”) by the District. The Bonds are being issued pursuant to a Bond Indenture dated as of July 1, 2003 (the “Indenture”), between the City and U.S. Bank National Association, as fiscal agent (“Fiscal Agent”). The City covenants and agrees as follows:

1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

2.1 “Annual Report” shall mean the City's annual continuing disclosure report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

2.2 “City” shall mean the City of San Diego.

2.3 “Disclosure Representative” shall mean the Deputy City Manager of the City or his or her designee, or such other person as the City shall designate in writing to the Fiscal Agent from time to time.

2.4 “Dissemination Agent” shall mean City, or any successor Dissemination Agent designated in writing by the City and that has filed with the City a written acceptance of such designation.

2.5 “Listed Events” shall mean any of the events listed in Section 5.1 of this Disclosure Certificate.

2.6 “National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purpose of the Rule. The National Repositories currently approved by the Securities and Exchange Commission can be obtained at <http://www.sec.gov/info/municipal/nrmsir.htm>.

2.7 “Participating Underwriter” shall mean Stone & Youngberg LLC, the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

2.8 “Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

2.9 “Repository” shall mean each National Repository and the State Repository.

2.10 “Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

2.11 “State Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

3. Provision of Annual Reports

3.1 Until this Disclosure Certificate terminates in accordance with Section 7 below, the City shall, not later than April 1st after the end of the City's fiscal year (which fiscal year presently ends June 30), commencing with the report for the 2003-04 fiscal year, provide to each Repository a Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Participating Underwriter and the Fiscal Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from and later than the balance of the Annual Report, if they are not available by the date required above for the filing of the Annual Report. If City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5.

3.2 Not later than fifteen (15) business days after the date specified in Section 3.1 for providing the Annual Report to the Repositories, the City shall provide the Annual Report to the Dissemination Agent (if other than the City or an employee of the City).

3.3 If the City or the Dissemination Agent (if other than the City) is unable to provide to the Repositories an Annual Report by the date required in Section 3.1, the City or the Dissemination Agent (if other than the City) shall send a notice to each Repository and the Municipal Securities Rulemaking Board in substantially the form attached as Exhibit A.

3.4 The City or the Dissemination Agent (if other than the City) shall determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any.

4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

4.1 The audited financial statements of the City for the most recently ended fiscal year, prepared in accordance with generally accepted accounting principles applicable to the City from time to time. If the audited financial statements of the City are not available by the time the Annual Report is required to be filed pursuant to Section 3.1, the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

4.2 Other financial information and operating data relating to the District contained in the Official Statement for the Bonds as follows:

- 4.2.1 Principal amount of Bonds outstanding;
- 4.2.2 Balance in the Redemption Fund;
- 4.2.3 Balance in the Reserve Fund and a statement of the Reserve Requirement;
- 4.2.4 An update of the following tables in the Official Statement; and
  - (a) Table 2: Development Status and Land Use Summary.
  - (b) Table 4: Assessed Value-to-Lien Ratio Ranges
  - (c) Table 6: Appraised Value-to-Lien Ratios by Property Owner (but not including the columns headed "Appraised Value" and "Appraised Value-to-Lien")
  - (d) Table 11: Delinquency History

4.2.5 Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so included by reference.

5. Reporting of Significant Events.

5.1 Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if the City determines that such event is material:

- 5.1.1 Bond principal and interest payment delinquencies;
  - 5.1.2 non-payment related defaults;
  - 5.1.3 unscheduled draws on debt service reserves reflecting financial difficulties;
  - 5.1.4 unscheduled draws on credit enhancements reflecting financial difficulties;
  - 5.1.5 substitution of credit or liquidity providers, or their failure to perform;
  - 5.1.6 adverse tax opinions or events affecting the tax-exempt status of the Bonds
- clarify;
- 5.1.7 modifications to rights of Owners of Bonds;
  - 5.1.8 optional, contingent or unscheduled Bond calls;
  - 5.1.9 Bond defeasances;
  - 5.1.10 release, substitution or sale of property securing repayment of the Bonds; and
  - 5.1.11 any changes in the "NOT RATED" status of the Bonds.

5.2 If the Dissemination Agent (if other than the City) shall, as soon as reasonable practicable after obtaining actual knowledge of the occurrence of any of the Listed Events contact the Disclosure Representative, inform such person of the event, and request that the City promptly notify the Dissemination Agent (if other than the City) in writing whether or not to report the event pursuant to Section 5.6 and promptly direct the Dissemination Agent whether or not to report such event to Bondholders. In the absence of such direction, the Dissemination Agent shall not report such event unless otherwise required to be reported by the Dissemination Agent to the Bondholders under the Indenture.

5.3 Whenever the City obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to Section 5.2 or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

5.4 If the City has determined that knowledge of the occurrence of a Listed Event would be material under the applicable federal securities laws, the City shall promptly notify the Dissemination Agent (if other than the City) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 5.6 below.

5.5 If in response to a request under Section 5.2, the City determines that the Listed Event would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent (if

other than the City) in writing and instruct the Dissemination Agent (if other than the City) not to report the occurrence pursuant to Section 5.6.

5.6 The City or the Dissemination Agent (if other than the City) shall file a notice of the occurrence of any Listed Event with the Municipal Securities Rulemaking Board and the Repositories with a copy to the City and the participating underwriter. Notwithstanding the foregoing, notice of the Listed Events described in Section 5.1.8 and Section 5.1.9 need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Owners of the affected Bonds pursuant to the Indenture.

6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

8. Amendment; Waiver.

8.1 Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

8.1.1 if the amendment or waiver relates to the provisions of Sections 3.1, 4 or 5.1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated Person with respect to the Bonds, or the type of business conducted;

8.1.2 the undertaking, as amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

8.1.3 The proposed amendment or waiver either (i) is approved by the owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or beneficial owners of the Bonds.

8.2 In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5.6 and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Dissemination Agent shall not be obligated to enter into any such amendment that modifies or increases its respective duties or obligations hereunder. The Dissemination Agent may rely on an opinion of counsel that the amendment or waiver complies with the requirements of the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of

occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture and the sole remedy under this Disclosure Certificate in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriters and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other Person or entity.

12. Notices. Notices should be sent in writing to the following addresses. The following information may be conclusively relied upon until changed in writing.

The City:

Deputy City Manager  
City of San Diego  
202 "C" Street, MS-9B  
San Diego, CA 92101-3868  
Attention: Patricia T. Frazier

Fiscal Agent:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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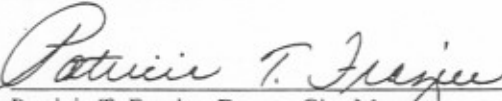
13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: August 13, 2003

CITY:

City of San Diego, on behalf of the City of San Diego  
Reassessment District No. 2003-1

By:

  
Patricia T. Frazier, Deputy City Manager

FISCAL AGENT:

U.S. Bank National Association

By:

\_\_\_\_\_, Authorized Officer

1881021.1



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Dated: August 13, 2003

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By: \_\_\_\_\_  
Patricia T. Frazier, Deputy City Manager

FISCAL AGENT:

U.S. Bank National Association

By:  \_\_\_\_\_, Authorized Officer

1881021.1

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF  
FAILURE TO FILE SEMI-ANNUAL REPORT

Name of Issuer: City of San Diego

Name of Bond Issue: City of San Diego Reassessment District No. 2003-1 Limited Obligation Refunding Bonds

Date of Issuance: August 13, 2003

NOTICE IS HEREBY GIVEN that the City of San Diego (the "City") has not provided a Semi-Annual Report with respect to the above-named Bonds as required by Section 3 of the Concluding Information -- Continuing Disclosure Certificate - Issuer dated August 13, 2003 executed by the City for the benefit of the owners and beneficial owners of the above-referenced bonds. The City anticipates that the Semi-Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_, 20\_\_

CITY OF SAN DIEGO

By: \_\_\_\_\_,  
\_\_\_\_\_, Authorized Officer

cc: Deputy City Manager  
City of San Diego  
Financial and Management Services  
202 "C" Street, MS-9B  
San Diego, CA 92101-3868